

NIO/W Contribution to Watch Committee

Falkland Islands: A decisive breakpoint is probable in the next few days. If the UN Secretary General's mediation fails to yield significant prospects for an agreement linking a cease-fire to a mutual withdrawal of forces, an interim administration, and negotiations for a final settlement, major British military initiatives, including landings on the islands, will go forward. The Argentines probably would commit their air power and submarines in an all-out effort to defeat the landing operation or at least inflict maximum casualties on the British.

An Argentine military humiliation might lead the junta to abandon its restraint and to incite public hostility toward Britain and the US and attacks on UK and US personnel, diplomatic missions and business firms. There also would be a substantial chance of anti-British and anti-US demonstrations in Venezuela, Peru and other Latin American countries. Under these circumstances, public and political pressures for revising the OAS and relocating its headquarters to a Latin American capital could become irresistible.

An EC refusal to renew sanctions against Argentine or deep divisions on this issue may produce a major crisis in the Community.

Israel-Lebanon-Syria: The renewed buildup of Israeli forces along the Lebanese border suggests that the Begin Government believes Arafat will be unable to prevent the PFLP, Saiqa and other radical PLO groups from further artillery shelling of Israeli settlements. The Israelis, moreover, are seriously concerned about the movement of Syrian troops and tanks south of the "red line" in Lebanon, which they contend violates the 1976 unwritten agreement.

Although the Israeli cabinet appears to have been divided over a decision to expand military operations in Lebanon, further Palestinian or Syrian provocations probably would tip the balance in favor of a major Israeli ground incursion and attacks on Syrian units and SAM sites in the Bekaa Valley.

Iran-Iraq: Iran is on the verge of a military breakthrough that may result in the collapse of Iraqi resistance and the downfall of Saddam Hussein. An Iraqi retreat from Khorramshahr followed by Iranian advances into Iraqi territory and attacks on vital targets such as al Basrah, could precipitate a rapid military and political unravelling. Arab governments are alarmed at the prospect of a major expansion of Iranian influence in the Gulf. Jordan, Egypt, Saudi Arabia and the Gulf states lack the capability to intervene militarily to influence the outcome, and they may therefore turn to the U.S. and Western Europe with urgent requests for immediate diplomatic intervention as the last chance to avert an Iranian victory.

Poland: The martial law regime's capacity to contain growing public hostility may be placed in question in the next few weeks. The demonstrations in early May probably are harbingers of prolonged unrest that will eventually force a crisis in the regime itself. Such a crisis might be triggered if the police and security forces prove unable to cope with widespread demonstrations and the authorities must order the armed forces to intervene directly. It is questionable whether Gen. Jaruzelski could survive upheavals of this magnitude.

If the tide of protests and violence threatens to get out of hand, the Soviets will be compelled to resort to the kind of military pressure and bluff on Poland's borders that they employed in December 1980 and the spring of 1981.

SECRET

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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

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NOTE FOR: Historical Intelligence Collection

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